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CONFIDENTIAL

EXCISE

(233)

(46)

UNITED STATES GOVERNMENT

Memorandum

TO : NEA - Mr. A. L. Atherton, Jr.

DATE: January 12, 1971

FROM : NEA/IAI - H. H. Stackhouse

SUBJECT: Israeli Tax on Jerusalem Local Employees and Liberty Claim

I believe we should take up these two matters with the Israelis here, and recommend that you discuss them in a low key with Shlomo Argov.

Steve Campbell has asked that the Department quietly discuss with the Israeli Embassy here the issue of the Israeli tax on East Jerusalem residents working for ConGen, Jerusalem. (Steve's recent letter as well as pertinent cables are at Tab A.) I suggest that,

B-1
A5

Concerning the Liberty claim, the attached briefing paper (Tab B) prepared for possible use by Mr. Sisco with Eban last fall is still current. We want the GOI at least to talk to us about this matter. You might remind Shlomo that the last word we had from the GOI (in response to our query to Elizur just before Eban's May visit) was in May 1970 when we were told that a GOI position was being cleared. You might ask him where the matter stands within his government now.

Attachments:
1. Ltr fr SJCampbell, 12/29/70 and cables (Tab A)
2. Liberty claim briefing paper (Tab B)

DEPARTMENT OF STATE A/CDC/IR
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1/12/71 22294

Clearances: L/C:ELKerley
L/NEA:SMBoyd

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ATTACHMENT NO. 2 (#233)

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LIBERTY CLAIM

Background

Israel has paid the USG $6.8 million in claims relating to the 34 men killed and 164 injured (as well as minor personal property losses and medical expenses) when the IDF attacked the U.S.S. LIBERTY on the high seas north of Sinai on June 8, 1967 at the height of the Six-Day War. As Israel requested, we delayed until the other claims were settled discussing our claim for $7.6 million, presented to the GOI in July 1968, relating to damage done to the ship. The ship, along with others in its class, has in the meantime been decommissioned and is being scrapped; we have informed the GOI of this.

Since September 1969 when we raised the remaining claim with the Foreign Ministry (Michael Elizur) the GOI has been evasive and slow in responding to our approaches, indicating that it would reply in due course. The latest conversation on this claim occurred just prior to Eban's arrival in Washington last May when Elizur told Ambassador Barbour that the GOI response was being cleared.

You may wish to say:

-- We appreciate Israel's prompt and full settlement of the earlier claims.

-- We believe it is important that our two governments maintain a dialogue on the outstanding claim. In May Michael Elizur told Ambassador Barbour that a GOI response to the U.S. was being cleared. We wonder when we can expect to hear from the GOI.

NEA/IAI:MCLissfelt:hml
10/8/70 x22294

CLEARANCE: EK
L/C:ELKerley (ltr)

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